

Governor Bill Richardson Gives Keynote Address to North American Energy Summit

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ALBUQUERQUE- Governor Bill Richardson is scheduled to deliver the keynote address tonight at the North American Energy Summit, taking place in Albuquerque through Friday.

The North American Energy Summit brings together key policy-makers from the U.S., Canada and Mexico to address and initiate action on many of the critical supply, demand, and infrastructure issues facing the three countries. Breakout sessions will involve diverse interests charged with developing recommendations and action items on how to: capitalize on renewable energy resources; avoid price spikes and disruptions in the supply of gasoline; stabilize natural gas prices and expand supply; improve energy efficiency; guide the future of nuclear energy and fossil fuels; provide a reliable and efficient electricity grid; finance infrastructure and make it more secure; and achieve needed international collaboration. The meeting is sponsored by the Western Governors' Association and co-sponsored by the U.S. Department of Energy and the Council of Energy Resource Tribes.

Here are Governor richardson's prepared remarks for tonight's address:

**TO BE DELIVERED TONIGHT- EMBARGOED FOR RELEASE
UNTIL 8 P.M. 4/14/04**

**ENERGY IN THE NORTH AMERICAN WEST
Bill Richardson
Governor of New Mexico
Chair, Western Governors Association
April 14, 2004**

"Thank you, everybody, for being here tonight. It is an honor to be Chair of the Western Governors Association, and to work so closely with these other Governors, with our sponsors and members, and with all of you in the audience who have come out for this North American energy summit.

I would especially like to acknowledge the bipartisanship of the organization, working in the region's interests. Governor Owens is the Vice Chair, has been an active participant in this energy conference, and he will assume the chairmanship at the annual meeting in June. I enjoy working with him and I know we are going to continue accomplishing a lot.

Let me also recognize the other elected officials and dignitaries from other nations - from Mexico, from Canada, and from the tribal nations:

The energy crisis

For more than 30 years, the United States has been living in an energy crisis.

The energy crisis didn't end when the gas lines disappeared at the end of the 1970s. It didn't end when the price of oil and gasoline went back to normal after we in the Clinton Administration "jaw-boned" OPEC and effectively managed the Strategic Petroleum Reserve when I was US Energy Secretary. It didn't end when the electricity came back on after any of the huge blackouts that have occurred periodically in recent decades. It didn't end when oil imports went below 50% and then climbed back up again to over 60% of our oil supply today. And it won't end if gasoline and natural gas prices stabilize - probably for no more than a few years - after the current price crisis.

The reason it won't end is that this nation has failed to make structural changes in its energy policy that will create diverse, sustainable energy sources for a nation that runs on energy.

In fact, the failure of our current energy policy is indicated daily in everything from today's price disruptions to the huge battles over the use of public lands such as Otero Mesa here in New Mexico.

This energy crisis has a way of erupting again and again. There have been times, since the first oil embargo in 1973, when energy was plentiful and affordable, but then there have always been later times when prices and supply went haywire. It's happening again right now.

The tight supply of natural gas, combined with fast-growing demand, has created almost four years of high prices that have cost American consumers and businesses at least \$125 billion. The sudden surge in gasoline prices in the past few months has cost US businesses and consumers another \$25 billion. The Congress's failure to implement reliability standards and enforcement contributed to the blackout last August that cost our economy at least \$6 billion in 24 hours.

The energy crisis includes environmental impacts as well. Greenhouse gas emissions are a potentially catastrophic threat to our global environment, global warming may be influencing our own west by increasing drought influences, and mercury levels in the atmosphere threaten the health of people all over the world. All over the West, we see

fight about coal burning and oil and gas leasing. The energy dialogue is often dominated by battles between environmentalists and industry. The rhetoric on both sides drowns out legitimate concerns such as greenhouse gas emissions, mercury controls, and the need to increase domestic energy production. This too is a sign of a failed national energy policy.

We must focus on that which unites us - not that which divides us.

It's my view that many of these environmental impacts - and environmental battles - are not only damaging, but eminently avoidable as well. If we take steps to create sustainable, renewable energy sources, we will serve our economy and our environment, bringing smiles to the faces of just about everybody in this room.

National energy policy

This nation - and this western region shared with our Mexican, Canadian, and Native American neighbors - needs energy. But even more, it also needs a balanced, innovative energy policy.

Without a sensible energy policy, we continue to hold our own economy and environment hostage.

And without strong leadership that will create diverse new energy alternatives within a comprehensive, equitable energy policy, this nation is going to continue to suffer through episodes of our ongoing energy crisis.

We will also suffer from the side effects of energy policy battles -

- our people will continue to do legislative battle,
- our economy will continue to drag because energy pricing is so uncertain,
- the global environment will continue to be subject to potentially disastrous climate change, and
- perhaps most absurdly, we will continue to ship billions of dollars overseas that could have created sustainable, high-wage energy industry jobs right here in the West - jobs important to our Mexican neighbors, jobs needed on every tribal unit, jobs in the western Canadian provinces, and jobs that all of our states are clamoring for in this era of outsourcing.

We at the Western Governors Association are ideally situated to create a positive, effective alternative. We can provide some of that leadership needed to make sensible energy policy into a reality. We can make things happen that will change the nation's energy picture, even if the Congress never agrees on an energy bill.

[Let me say, as an aside, I hope that the Congress will move the key parts of that energy package - electric reliability language, production tax credits for renewables, incentives for energy efficiency and emission-free coal technology, and support for the Alaska gas

pipeline - this spring or summer. The nation can't afford to go on without at least these elements of an energy policy.]

By implementing a balanced energy policy, the nation reduces its dependence on foreign sources. At this point, having become so heavily dependent on foreign oil, we need to carefully consider the sources and the impacts of projects that will bring significant amounts of liquefied natural gas to our markets. These new sources need to be balanced with measures that will prevent the United States from becoming over-dependent on new energy sources that may not prove reliable. Being relatively self-sufficient in our North American natural gas supply, which constitutes about a quarter of our nation's energy use, we can't afford to "re-OPEC" ourselves in natural gas.

By implementing a balanced national energy policy, we will leave some treasured places undisturbed, for future generations, so that our children get to make some of the choices we consciously decided to defer.

The promise of the North American West

Our nation's need for energy security provides a market incentive for the West's indigenous resources, from natural gas to wind to biomass to solar. The American West - where the wind blows and the sun shines - has the potential to be a major part of our energy solution. We could become the nation's energy storehouse - and the economic impacts could be extraordinary.

Working with our Canadian and Mexican neighbors, we in the West can create larger markets and systems for energy delivery. I am pleased to see the new cooperation emerging among the border states in providing for energy needs on both sides of the border. Tomorrow some of us will announce progress on developing the new market for trading and selling renewable energy credits. We are announcing how energy efficiency could help resolve air pollution problems on the US-Mexico border. We are announcing Alberta's agreement to join the regional electric transmission agreement that has helped the West avoid grid problems like those in the east.

I am convinced that the American West - already expert in the development and delivery of fossil energy - is poised to take a commanding position in the new world of renewable energy, distributed generation, and energy efficiency. The wind that blows on the east side of the Intermountain Front could easily produce 10,000 megawatts of electric energy needed in our own region and on the West Coast - enough to power a major western city or region. Some have called Arizona, New Mexico, Nevada, and southern California the "Saudi Arabia" of solar energy potential - though certainly not implying the creation of a solar energy cartel. Here in New Mexico I have told our energy planners that we want a proposal for a concentrating solar plant designed and ready to fund by late this year. Our biomass potential, from forest thinning and dairy waste, is vast, and again here in New Mexico we are starting a pilot project with Picuris Pueblo to capitalize on this biomass opportunity. And I see the potential for advanced coal technologies that will virtually eliminate air pollution and greenhouse gas emissions.

The role of the states

In New Mexico, which I recently declared the “clean energy state”, we are doing everything we can to bring more renewable energy on line. As a former US Energy Secretary, I know how important concepts such as “distributed generation” and “reliability” are to our nation, and I have advocated for new policies, even in our little corner of the world, that will implement them. I want to see energy development where it makes the most sense, from rooftops to rural farms, so that we can avoid transmission problems and bottlenecks and provide home-grown energy where it is needed. This will boost local - especially rural - economies. And it will help reduce the load on our electric grid, which has been sensibly managed in the West despite the absence of enforceable national reliability standards.

I haven't done this out of altruism, although some may believe that energy conservation may be no more than a personal virtue. Instead I have done it because I believe it's the wave of the future - the economic, tidal wave of the future. It might seem out of context to talk about the tsunami that is going to hit New Mexico, but it will - and it will be a tsunami of investment and opportunity related to the development of clean energy.

Governor Schwarzenegger speaks often about the clean energy opportunities in his state. California's influence alone could shift the American energy economy in coming years. All of us smaller states may find ourselves turning into renewable energy farms dedicated only to the goal of meeting Governor Schwarzenegger's ever-accelerating expectations for renewable energy supply. I know he's interested in upping California's renewable energy requirement from 20% to 30% by 2020. That's why the New York Times called him “Conan the Green” in an editorial last October.

That kind of change makes your ears perk up when you are a Governor from an Intermountain state, sitting on a mother lode of wind, biomass, and solar potential. There are 36 million customers in California... multiplied times 30% renewables... Let's call it 12 million customers - about a third of California - who would be 100% renewable. That is more than the population of most of our intermountain states combined, of course. And Oregon and Washington - also populous states - are going to crave renewables too. Here in New Mexico, by legislation passed at my urging just two months ago, we are starting out with a requirement for 10% renewables by 2010 - a goal that I am quite certain we will exceed, especially given market conditions for more traditional fuels. We also created a Clean Energy Fund that is going to invest millions in energy efficiency and renewables in public buildings - which, by the way, I want to start seeing designed to use 50% less energy than they use now.

The states also will play the largest role in making energy efficiency and conservation happen. The energy regulators in this room know about the successes in other states and regions where the avoidance of energy use has become as profitable, and as economically significant, as the production and sale of a megawatt-hour. Our region can do much to

improve energy efficiency - and I want to know what the states can bring to the table in the way of increasing energy conservation and efficiency.

What I am saying is that we have a common interest - an interest that will benefit every state, province, and tribe in the West - in developing our clean energy resources. We will bring energy dollars back into our economies by showing how reliable our clean energy sources are, and how many jobs they create, and how they protect our public lands and public health.

A call to action

Now I want to issue a call to action.

We can't live with these crazy gasoline price surges.

Our chemical industry has stopped growing because the price of natural gas is so high and unpredictable.

Alan Greenspan warns us that this nation had better get moving on energy issues, because we have created too much instability and uncertainty for our economy.

And we know - with energy demands continuing to grow - that we can't dig and drill our way out of this situation. That's a prescription for the next energy crisis, as well as the loss of economic and environmental benefits we could achieve by taking an alternative path.

So I want to make a proposal to you, together with my WGA Co-Lead Governor for Energy, Governor Schwarzenegger.

I want to propose that the Western Governors Association, as it has before when Governor Leavitt and Governor Kitzhaber led WGA's Enlibra process to reduce environmental permitting conflicts, come together, put aside partisan differences, and develop a product that could easily transform the policy landscape of the American West.

My goal, with Governor Schwarzenegger, is the creation of a two-year western clean energy plan by the WGA, starting with the adoption of a clean energy resolution at the June annual meeting.

This plan will lay out ways for our states, provinces, and sovereign nations to develop 30,000 megawatts of clean energy by 2015, along with a 20% reduction in energy use by 2020 through implementation of energy efficiency and conservation measures. It will also explore other ways of saving energy and creating new energy sources, such as hydrogen on our western highways.

We will call together the interested stakeholders -

- the oil and gas companies who are developing tremendous capability and technology in renewables as well as hydrogen;
- the renewable energy developers and utilities who will bring their expertise and market knowledge to the process;
- the coal companies whose future - and a tremendous global opportunity - may lie in the development of zero-emission coal;
- the landowners, the ranchers, the hunters and anglers who are concerned about the use of public lands and the West's critical water resources;
- the energy efficiency experts who can show how cost-effective energy efficiency measures - including transmission efficiency - will open doors to profitability and jobs.

There's no shortage of great people in the West. There's no shortage of economic and environmental knowledge and concern.

What there is, in the way of shortage, is a shortage of leadership that will jumpstart our new energy economy.

And we are here tonight, and for the next two days, to begin the process of jumpstarting that new energy economy - not because it makes us feel good, but because it's good for our economy, our environment, and our national and regional energy security.

Thank you for listening to me - and now, let's get started."